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December 12, 1997

Cynthia L. Johnson, Director
Cash Management Policy &
Planning Division
Financial Management Service
U. S. Department of the Treasury
Room 420, 401 14th Street, SW
Washington, DC 20227

Dear Ms. Johnson:

The attached comments to the proposed rule, "Management of Federal Agency Disbursements," 31 CFR Part 208, as contained in the Federal Register, Vol. 62, No. 179, Tuesday, September 16, 1997, are hereby submitted on behalf of the Southern Alliance of States (SAS) -- Alabama, Arkansas, Florida, Georgia, Kentucky, Missouri, North Carolina and Tennessee.

Sincerely,

Melba L. Price, SAS Chair
Associate Director
Missouri Department of
Social Services

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Linda Rudolph, SAS Vice Chair
Commissioner
Tennessee Department of
Human Services

MP:LR:km

Attachment

cc: SAS Commissioners

Comments to the Proposed Rule, "Management of Federal Agency Disbursements," 31 CFR Part 208, as contained in the Federal Register, Vol. 62, No. 179, Tuesday, September 16, 1997, submitted on behalf of the Southern Alliance of States (SAS)

The Southern Alliance of States (SAS), a coalition of southern states, including Alabama, Arkansas, Florida, Georgia, Kentucky, Missouri, North Carolina, and Tennessee, submit these joint comments on the U.S. Department of Treasury's proposed rulemaking regarding management of federal agency disbursement through electronic funds transfer (EFT) and electronic benefits transfer (EBT). 62 Fed. Reg 48714 (September 16, 1997). The proposed regulations implement the "second phase" of section 31001(x) of the Debt Collection Improvement Act of 1996, which requires federal agencies to convert all federal payments from checks to electronic transfer by 1999. Specifically, the rulemaking seeks comments on the characteristics that an EFT or EBT account should have for an individual who does not have an account at a financial institution.

SAS is currently in the process of implementing a joint federal/state EBT system to deliver federal and state benefits on a single access card, using the existing commercial infrastructure. The federal benefits include Social Security, Supplemental Security Income, Veterans' benefits, and Railroad Retirement benefits. State benefits include Food Stamps and cash assistance. The SAS project is proceeding pursuant to the congressional directive enacted in 1996, "to continue the existing EBT [SAS] pilot to disburse benefit payments electronically to recipients who do not have an account at a financial institution, . . . as described in the Invitation for Expressions of Interest to

Acquire EBT Services for the Southern Alliance of States . . .” See Section 3336(b) of Title 31, United States Code.

Five of the SAS states have already implemented their EBT systems; all eight states intend to be operational within the next calendar year.

The rulemaking notice indicates that Treasury could specify different characteristics for accounts to be established pursuant to a new rule for delivery of federal benefits only to those without their own accounts. It also indicates that existing delivery systems like the SAS project would remain in place as an alternative, thus preserving for recipients the opportunity to have just one account for electronic receipt of all government benefits, state and federal. The SAS states anticipate the Treasury Department to include in the text of the final rule a provision for continuing existing arrangements such as the SAS project, and confirming that the accounts established in the SAS project will satisfy the requirements of EFT and EBT, consistent with section 3336(b) of Title 31, United States Code.